AASB Standard

AASB 2026-3
August 2026

Amendments to Australian Accounting Standards – Fair Value Option for Investments in Associates and Joint Ventures

[AASB 128]

Australian Government

Australian Accounting Standards Board

Obtaining a copy of this Accounting Standard

This Standard is available on the AASB Digital Standards Portal (standards.aasb.gov.au), which can also be accessed from aasb.gov.au.

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IASB Basis for Conclusions – Amendments

Australian Accounting Standard AASB 2026-3 *Amendments to Australian Accounting Standards – Fair Value Option for Investments in Associates and Joint Ventures* is set out on pages 5–6. All the paragraphs have equal authority.

Preface

Standards amended by AASB 2026-3

This Standard makes amendments to AASB 128 *Investments in Associates and Joint Ventures* (August 2015).

These amendments arise from the issuance of International Financial Reporting Standard *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures* (Amendments to IAS 28) by the International Accounting Standards Board (IASB) in. June 2026.

Main features of this Standard

Main requirements

The Standard amends AASB 128 to clarify which entities are eligible to measure investments in associates and joint ventures using the fair value option, that is, to measure those investments at fair value through profit or loss in accordance with AASB 9 *Financial Instruments* instead of applying the equity method under AASB 128 in accounting for the investments. Specifically, the amendments clarify the meaning of a ‘similar entity’ to venture capital organisations, mutual funds and unit trusts, which are permitted by paragraphs 18–19 of AASB 128 to use the fair value option.

This Standard clarifies that ‘similar entities’ include entities that have a main business activity of investing in particular types of assets, as set out in paragraph 49(a) of AASB 18 *Presentation and Disclosure in Financial Statements*.

Application date

This Standard applies to annual reporting periods beginning on or after 1 January 2027, except that it applies to not-for-profit entities and superannuation entities applying AASB 1056 *Superannuation Entities* for annual reporting periods beginning on or after 1 January 2028. Earlier application is permitted.

Accounting Standard AASB 2026-3

The Australian Accounting Standards Board makes Accounting Standard AASB 2026-3 *Amendments to Australian Accounting Standards – Fair Value Option for Investments in Associates and Joint Ventures* under section 334 of the *Corporations Act 2001*.

Keith Kendall
Dated 10 August 2026 Chair – AASB

Accounting Standard AASB 2026-3
Amendments to Australian Accounting Standards – Fair Value Option for Investments in Associates and Joint Ventures

Objective

This Standard amends AASB 128 *Investments in Associates and Joint Ventures* (August 2015) as a consequence of the issuance of International Financial Reporting Standard *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures* by the International Accounting Standards Board in June 2026.

Application

The amendments set out in this Standard apply to entities and financial statements in accordance with the application of AASB 128 set out in AASB 1057 *Application of Australian Accounting Standards.*

An entity shall apply this Standard to annual reporting periods beginning on or after 1 January 2027, except that not-for-profit entities and superannuation entities applying AASB 1056 *Superannuation Entities* shall apply the Standard to annual reporting periods beginning on or after 1 January 2028. Earlier application is permitted, provided that AASB 18 *Presentation and Disclosure in Financial Statements* is also applied to the period.

This Standard uses underlining, striking out and other typographical material to identify the amendments to AASB 128, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Ellipses (…) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

Amendments to AASB 128

Paragraphs 18–19 are amended and paragraph 45M is added. Added text is underlined and deleted text is struck through.

Application of the equity method

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Exemptions from applying the equity method

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18 When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, ~~or a~~ mutual fund, unit trust <u>or</u> ~~and~~ similar <u>entity</u> ~~entities including investment-linked insurance funds~~, the entity may elect to measure that investment at fair value through profit or loss in accordance with AASB 9. <u>Similar entities include entities that have a main business activity of investing in particular types of assets (see paragraph 49(a) of AASB 18).</u> ~~An example of an investment-linked insurance fund is a fund held by an entity as the underlying items for a group of insurance contracts with direct participation features. For the purposes of this election, insurance contracts include investment contracts with~~

~~discretionary participation features.~~ An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. ~~(See AASB 17 *Insurance Contracts* for terms used in this paragraph that are defined in that Standard.)~~

19 When an entity has an investment in an associate, a portion of which is held indirectly through a venture capital organisation, ~~or a~~ mutual fund, unit trust <u>or</u> ~~and~~ similar <u>entity</u> ~~entities including investment-linked insurance funds~~, the entity may elect to measure that portion of the investment in the associate at fair value through profit or loss in accordance with AASB 9 regardless of whether the venture capital organisation, ~~or the~~ mutual fund, unit trust <u>or</u> ~~and~~ similar <u>entity</u> ~~entities including investment-linked insurance funds,~~ has significant influence over that portion of the investment. If the entity makes that election, the entity shall apply the equity method to any remaining portion of its investment in an associate that is not held through a venture capital organisation, ~~or a~~ mutual fund, unit trust <u>or</u> ~~and~~ similar <u>entity</u> ~~entities including investment-linked insurance funds~~.

...

Effective date and transition

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<u>45M</u> <u>AASB 2026-3 *Amendments to Australian Accounting Standards – Fair Value Option for Investments in Associates and Joint Ventures*, issued in August 2026, amended paragraphs 18–19. An entity shall apply these amendments in accordance with paragraph C7 of AASB 18 when it applies AASB 18. If an entity has elected to apply AASB 18 for an earlier period in accordance with paragraph C1 or AusC1.1 of AASB 18, and that earlier period begins before the issuance of these amendments, the entity shall apply the amendments, in accordance with paragraph C7 of AASB 18, for the reporting period ending on or after the issuance of the amendments.</u>

Commencement of the legislative instrument

For legal purposes, this legislative instrument commences on 31 December 2026.